

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 CIAE-00 DODE-00 PM-07 H-03

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TAGS: ENRG VE

SUBJECT: SPARE OIL PRODUCTION CAPACITY

REF: STATE 200926; CARACAS 8789

1. THIS MESSAGE SUPPLEMENTS INFORMATION PROVIDED REFTEL
CONCERNING POTENTIAL FOR EXPANDING VENEZUELAN OIL PRODUCTION.

2. UNOFFICIAL VENEZUELAN GOVERNMENT VIEWPOINT -- IN WIDE
RANGING DISCUSSION TODAY COVERING A NUMBER OF TOPICS,
PETROLEUM ATTACHE WAS ABLE TO RAISE DISCREETLY SUBJECT OF
POTENTIAL FOR EXPANDING OIL OUTPUT WITH RAMSEY MICHELENA,
DIRECTOR, OFFICE OF PETROLEUM ECONOMICS, MINISTRY OF MINES
AND HYDROCARBONS. MICHELENA ESTIMATES THAT VENEZUELAN
PRODUCTION COULD BE INCREASED BY UP TO 200,000 B/D IF CONSERVATION
LIMITATIONS CONCERNING GASOIL RATIOS WERE RELAXED.
MICHELENA VOLUNTEERED OPINION THAT IF AN EMERGENCY SITUATION
SHOULD ARISE, VENEZUELAN GOVERNMENT MIGHT WELL BE WILLING TO
RELAX RESTRICTIONS FOR TEMPORARY PERIOD IN RETURN FOR COMMIT-
MENT BY OIL COMPANIES TO GIVE SOMETHING OF VALUE IN RETURN
SUCH AS INCREASED INVESTMENT IN SECONDARY RECOVERY FACILITIES.

3. CREOLE (EXXON) VIEWS -- PRELIMINARY INFORMAL ESTIMATE
FROM CREOLE IS IN SAME BALLPARK AS THAT OF SHELL. CREOLE

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BELIEVES THAT WITH RELAXATION OF GAS-OIL RATIOS TO PERMIT

PRODUCTION TO INCREASE TO MAXIMUM EFFICIENT RECOVERY LEVEL
AND WITH INSTALLATION OF GATHERING FACILITIES ON CERTAIN
WELLS WHICH HAVE BEEN DRILLED BUT NOT YET CONNECTED INTO
SUPPLY SYSTEM INDUSTRY COULD INCREASE OVERALL PRODUCTION BY
100,000 TO 150,000 B/D. CREOLE'S PORTION OF THIS WOULD BE
50,000 TO 60,000 B/D.
MCCLINTOCK

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